

INDIGENT POLICY

2017/18 FINANCIAL YEAR

INDIGENT POLICY

1. DEFINITIONS

"Accounting Officer" means the municipal manager appointed in terms of Section 60 of the Municipal Finance Management Act;

"Annually" means once every financial year;

"Chief Financial Officer" means the person appointed as the Chief Financial Officer of the Municipality, or his or her nominee;

"Child headed family" means a household where both parents are deceased and where all occupants of property are children of the deceased and under the legal age to contract for services.

"Household" means any registered owner or tenant with or without children who reside on the same premises.

"Indigent" means any household or category of households, including a child headed household earning a combined gross income, as determined by the municipality in terms of social and economic analysis of its area, as vested in the municipal policy, which qualifies for rebates or service subsidy, provided that child support grant is not included when calculating such household income.

"Deemed Indigent Household" means individuals who live together in a single residential property and qualifies for indigent relief based on the use and value of property as determined in terms of general valuation roll. **This will exclude staff members and councillors of the municipality.**

"Indigent Customer" means the head of an indigent household who applied for and has been declared indigent (on behalf of all members of in terms of Council's Indigent Policy for the provision of services from the Municipality; and

"Indigent Policy" means the Indigent Policy adopted by the Council of the Municipality

"Indigent Support Program" means a structured program for the provision of indigent support subsidies to qualifying indigent customers in terms of the Council's Indigent Policy;

"Indigent register" means the municipal list of indigent customers as per the municipal policy which has to be updated on a monthly basis or as and when required, designed to contain all the data contained within completed indigent application forms.

"Informal Structure" means a temporary structure used for residential purposes

"Owner" in relation to immovable property means the person in whom is vested the legal title thereto.

"Separated Couple" means a married couple who are separated and no longer living together even though they have not been legally divorced

2. PREAMBLE

2.1 In recent municipal discourse in South Africa the term "indigent policy" has tended to refer to a policy on how chronically poor households should be dealt with in relation to the generation of municipal income.

2.2 Most commonly, these policies adopt a narrow approach to this, seeking to define indigence in terms of particular household income level, administratively identifying household falling below this level, and provide them with a grant to facilitate their payment of the municipal accounts.

2.3 Our approach as Midvaal is that the term indigent policy should refer to something broader. We prefer to define it rather as the whole set of interventions that ensure that the basic needs of the poor are met, and their rights upheld while protecting resources for use by the next generation.

3. BACKGROUND

3.1 An indigent policy is required to ensure that constitutional obligations relating to the socio-economic rights of all South Africans are realised.

3.2 Failure to address the needs of the poor may jeopardise growth while poverty relief may stimulate growth and competitiveness by creating a more stable environment.

3.3 An indigent policy provides an opportunity to create a safety net to the poorest section of the population.

3.4 Poverty Manifestation in Midvaal

Poverty is more than a lack of income. Poverty exists when an individual's or a household's, access to income, jobs, infrastructure or services is inadequate to ensure full access to opportunities in society. The condition

of poverty is caused by a combination of social, economic, spatial, environmental and political factors.

3.5 It is clear from the poverty profiles that not only is poverty a general critical problem in Midvaal, but that there is a significant number of people who are living in extreme poverty and who without Council support will be unable to afford to pay for even the most basic of services.

4. INDIGENT POLICY PRINCIPLES

4.1 Equity

This implies that all people in a similar position should be treated similarly. The municipality must differentiate fairly between those in different circumstances, and treat them appropriately according to their different circumstances.

4.2 Sustainability

The policy must be financially and environmentally sustainable. This assumes a judicious long term approach to the use resources in both Finance and Social Services sections.

4.3 Reasonable choices

The policy shall enable all households, including indigent households, to take responsibility and make choices wherever possible that best suit their circumstances.

4.4 Inclusivity

Income and indigent policies for poor Midvaal residents must be integrated seamlessly with income policy for all other citizens.

As households' circumstances change they should be able to shift relatively easily across the continuum of choices.

4.5 Implementable

The indigent Policy must be administratively practical and implementable. Both Social Services and Finance shall play a key role to implement the policy.

5. OBJECTIVE

5.1 The policy seeks to address but not limited to:

5.1.1 The urgent need to address the high levels of chronic poverty in Midvaal.

5.1.2 The requirement of developmental local government that municipalities work together with local communities to find ways to meet the needs of the poor and to improve their lives.

5.1.3 The Constitutional obligations to provide basic services to the poor.
The Indigent Support Policy will seek to provide support to the registered indigents by:

- Free basic municipal services
- Indigents burials
- Employment opportunities

6. LEGISLATIVE FRAMEWORK

6.1 This policy is designed and implemented within the framework of the following legislation:

- The Constitution of South Africa sets out the obligation of government
- Local Government: Municipal Structures Act No. 117 of 1998
- Municipal Structures Amendment Act No. 33 of 2000
- Municipal Systems Act No. 32 of 2000
- Local Government Property Rates Act, No 6 of 2004
- Municipal Finance Management Act No. 56 of 2003
- Water Services Act No. 108 of 1997
- Annual Division of Revenue Act

Guidelines

- Framework for Municipal Indigent Policies: Towards a basket of services for the poor dated May 2007.
- Free Basic Strategy and guidelines prepared by the Department of Water Affairs and Forestry.
- Electricity Basic Support Tariff (free basic electricity) Policy prepared by the Department of Minerals and Energy.

7. SCOPE OF THE POLICY

7.1 The policy covers a wide range of indigent benefits such as but not limited to:

- Indigent rates and tax rebates
- Indigent burials

7.2 Expanded Social Package (employment opportunities)

8. DEFINITION OF INDIGENT

8.1 Indigents are defined as those people, due to a number of factors, who are unable to make monetary contribution towards basic services, no matter how small the amounts seem to be.

8.2 Any household, earning less than the R3 500.00 qualify to be registered as indigents. Examples are pensioners, unemployed, child headed families and students. Midvaal Local Municipality will align the income level of indigent households with the income category as determined by the department of Human Settlement for ownership of RDP properties. The said amount currently is R3 500.00 per household per month.

8.3 A household is defined as all adults and children living on a single property.

8.4 An indigent policy will thus refer to fairly limited set of administrative procedures within the income function for distributing grant support to reduce the municipal account to particular households.

8.5 As per the indigent policy, an indigent data-base refers to a data base that Midvaal Local Municipality established to register and monitor all households that are categorised as per financial definition of an indigent.

9. QUALIFICATION CRITERIA

9.1 Three categories of indigents will be considered:

9.1.1 **Category 1:** Registered property owners (not tenants) who will benefit from the rebates in section 11.1 – 11.11 (must qualify in terms of section 9.2 – 9.9 below);

9.1.2 **Category 2:** Deemed indigents who will benefit from the rebates in section 11.1 – 11.11 (must qualify in terms of section 9.10 – 9.19 below); or

9.1.3 **Category 3**: Other indigents who do not own property in Midvaal Local Municipality and will only qualify benefits in sections 11.12 and 11.14

In respect of 9.1.1 above:

9.2 The household must have a combined monthly household income of no more than R3 500 per month EXCLUDING support from family and churches (up to a maximum of R3 500 per month) child support grant, foster grant and disability grant;

9.3 The applicant must be a resident of the Midvaal municipal area and must be the full time occupier of the property (i.e. it must be a residential property);

9.4 Business or industrial property owners do not qualify as indigents;

9.5 Property owners with more than one property do not qualify as indigents;

9.6 Owners of vacant land do not qualify as indigents, with the exception of owners living in informal structures on the vacant land and provided the owner does not own multiple properties;

9.7 The application must be in possession of a valid South African identity document;

9.8 Where the property has a municipal value of more than R1 300 000, the applicant will be approved as an indigent only once (i.e. relief will be for a single year only), unless the registered owners are older than 60 years of age and earn less than R3 500 per month (in which case their applications will be considered for more than one year); and

9.9 The applicant must be the registered owner of the property; or

9.9.1 An occupier of a child-headed household where the property is registered in the name of the deceased parent or deceased parents – a Letter of Authority and a Death Certificate will be required as part of the application;

9.9.2 The party to whom the property is awarded in the event of a divorce; however, separated couples will not be treated as divorced and the income of both spouses will be included in the joint monthly household income for purposes of determining indigent status;

9.9.3 Where a deceased estate has not been wound up a Letter of Authority / Executorship and a death certificate is needed;

9.9.4 In the case of a deceased estate, in whose name the property is registered, any heir to whom the registered property has been bequeathed;

9.9.5 A surviving spouse, where the surviving spouse was married in community of property to the deceased, and where the property is registered in both spouses' names and the surviving spouse is the sole heir;

9.9.6 A surviving spouse, who was married in community of property to the deceased, together with any other heirs, if any, where the property is registered in the name of that deceased;

In respect of 9.1.2 above:

Households within the following categories of properties will be deemed to be indigent households:

9.10 the property is used for residential purposes only as reflected in General Valuation roll;

9.11 residential exclusion as per Property Rates Act 2004 (Act No 6 of 2004) is applicable to property; and

9.12 the property is either a RDP property, or the municipal value of property does not exceed a maximum value of R150 000 subject to the owner having only a single residential property;

9.13 staff members and councillors of the Midvaal Local Municipality are EXCLUDED and will not qualify as deemed indigents.

Indigent relief will be withdrawn where upon verification the deemed indigent household, including occupants/residents and/or dependants residing on the property, as the case may be, -

9.14 receive significant benefits or regular monetary income that is above the indigent qualification threshold;

9.15 owner of property owns more than one property, registered individually or jointly;

9.16 owner of property rent or sublease his property or part thereof to any third party;

9.17 deemed indigent household tampers or illegally connects or reconnects services;

9.18 business activities are being conducted on property;

9.19 properties registered in name of National, Provincial or Local Government; or

9.20 owner of property applies to be excluded from deemed indigent relief.

10. INDIGENT APPLICATION PROCESS

10.1 Category 1: Rebates on rates and municipal services

10.1.1 Residents wishing to apply as indigent households should complete an application form at the Midvaal Finance rates hall for capturing. The following information MUST be provided:

- Proof of total household income (gross income);
- Bank Statements for 3 months with declarations from all banks that the applicant and all other adult members of the household do not have any other bank accounts. No affidavits in lieu of bank statements will be accepted;
- Ownership status;
- Valid copy of SA identity document;
- Pension certificate or card in case of a pensioner;
- Letter of Authority and Death Certificate where applicable;
- Will and Death Certificate where applicable;
- Municipal account; and
- Duly completed application form.

10.1.2 The completed application form will be checked by the Finance department and referral to the Social Services department for assessment. (See flow chart on procedures and processes).

10.1.3 The assessment by Social Services can either be done based on information provided in the application form or by site visit.

10.1.4 The assessments of the indigent applications by Social Services will include lifestyle verification and ownership of luxurious items e.g. motor car, DSTV decoders etc.

10.1.5 All application forms received by Social Services will be recorded electronically by the Finance and Social Services departments for control purposes.

10.1.6 The Executive Mayor will appoint a screening committee who will consider the applications and approve applications complying with the criteria set out in this policy.

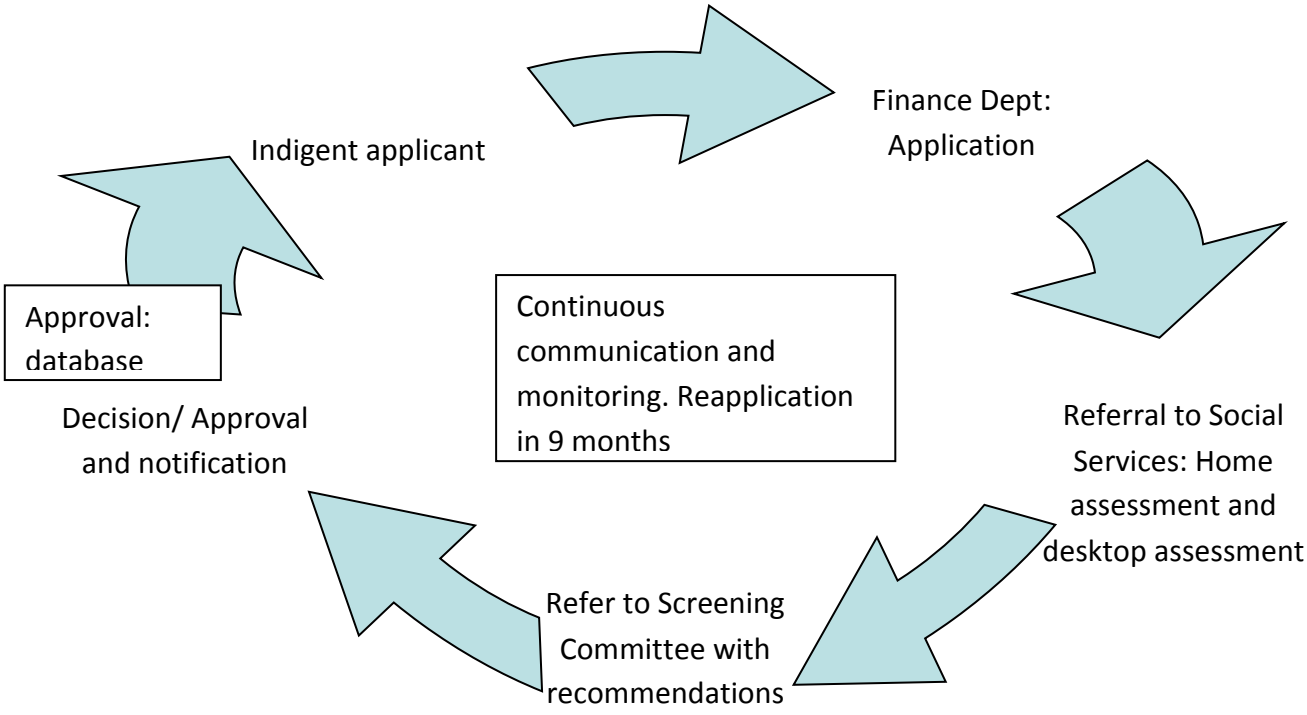
10.1.7 All approved applications will be returned to the Finance department for capturing on the financial system.

10.1.8 All outstanding account balances (including handovers) as at date of approval will be written off.

10.1.9 Registered indigents whose status have not changed (i.e. they will qualify as indigent household); must re-apply nine months after approval to ensure their application is re-considered before it lapses after a year.

10.1.10 Indigents are compelled to inform Council about any change of their indigence status.

10.1.11 No legal action, eviction will be instituted / conducted against approved and registered indigents.



Desktop assessment is based on evidence presented.

10.1 Category 2: Deemed Indigents

No application process – the Finance department will determine beneficiaries based on the approved Municipal Property Valuation Roll.

10.3 Category 3: Non-property owners (burial and employment benefits)

10.3.1 Residents wishing to apply for burial benefits should complete an application form at the Midvaal Social Services department for capturing. The family can request an indigent burial by means of an affidavit, substantiated by an official letter from a social worker, ward councillor or a relevant MMC. The said documentation must indicate the reasons for this request;

10.3.2 The following information MUST be provided as part of the application:

- Proof of total household income (gross income);
- Proof of residence (the deceased must be a bona fide resident of Midvaal);
- Valid copy of SA identity document;
- Proof from the family member / relative that they cannot bury the deceased;
- Confirmation that no other person or organisation other than the relatives, are in a position or do not have resources to pay for the burial.

10.3.4 If the body was found outside the Midvaal Municipal area of jurisdiction and the person is not a resident of Midvaal, the request for an indigent burial must be referred to the relevant local authority where the person was a bona fide resident.

10.3.5 The Executive Director Social Services will consider the application and grant approval where the application complies with the conditions of this policy.

10.3.6 The Executive Director Social Services must ensure that all the above-mentioned procedures and requirements are met before an order could be placed at the contracted funeral undertaker appointed by Midvaal Local Municipality to bury a deceased person as indigent.

10.3.7 For certain positions in Council employment opportunities will be given to persons in the indigent register (per household) on the express condition that the person employed based on this policy assumes responsibility for the municipal account of the household.

10.3.8 Residents wishing to apply for employment opportunities, must register on the labour register at the Human Resources Department.

11. BENEFITS OF REGISTERED INDIGENTS

11.1 All outstanding account balances (including handovers) as at date of approval will be written off.

11.2 NO rates be levied on any property where the municipal valuation does not exceed the municipal valuation of R500 000 (five hundred thousand).

11.3 If the valuation of the property is more than R500 000 (five hundred thousand), the first R500 000 (five hundred thousand) will be exempted from rates.

11.4 Indigent households will receive their first 6kl of water consumption at no cost.

11.5 The cost of the free basic water be levied and be offset as income foregone and funded from the equitable share grant received in terms of the annual Division of Revenue Act.

11.6 The Municipal Manager may grant authority that a prepayment meter or water management device be installed in those properties where the registered owners qualify and are registered for indigent relief so that the debtor cannot consume water beyond the free basic water.

11.7 Registered indigents will receive a free supply of electricity of 50 kWh per month.

11.8 The cost of free basic electricity will be levied and be offset as income foregone and funded from the equitable share grant received in terms of the annual Division of Revenue Act.

11.9 The Municipal Manager may grant authority that a prepayment meter be installed in those properties where the registered owners qualify and are registered for indigent relief.

11.10 All registered debtors will be levied with a weekly residential refuse removal service and be offset as income foregone and funded from the equitable share grant received in terms of the annual Division of Revenue Act.

11.11 All registered debtors will be levied with a residential sewerage service (where the municipality provides a sewerage service) and be offset as income foregone and funded from the equitable share grant received in terms of the annual Division of Revenue Act.

11.12 The council will consider the burial of any person or immediate family member of such person, if she / he is registered as an indigent within Midvaal Local Municipality;

11.13 All indigent burials will be conducted during the week.

11.14 Midvaal Local Municipality will not be liable for storage costs of bodies beyond 48 hours.

11.15 No water and / or electricity connection fee will be charged to indigent households as applicable.

11.16 The municipality will attempt to assist child headed households with the registration of their properties in the deeds office by approaching the municipality's panel of attorneys to do the registration as part of their pro bono services.

11.17 The waiving of charges for other municipal services will be considered based on written applications submitted to the Municipal Manager, such as fire services.

12. TERMINATION OF INDIGENT SUPPORT

The indigent Support will be terminated under the following circumstances:

12.1 At the end of the 12 months cycle;

12.2 Upon the sale of the property in respect of which support is granted;

12.3 When Circumstances in the indigent household have improved to the extent where the income threshold as determined is exceeded;

12.4 If the applicant is found to have lied about his / her personal circumstances or has furnished false information regarding indigent status the application shall be terminated, the amount written off shall be debited back to the account and stringent credit control measures will be applied;

12.5 Where tampering is discovered, all benefits will immediately be halted. A fine according to the Credit Control Policy will be imposed. The service will be terminated and will only be re-installed on the payment of the full amount of the reconnection fee and fine;

12.6 Upon the death of the indigent, and if the indigent had dependents, the dependents will have to re-apply for the support as subsidies are not transferable.

12.7 Services will be suspended / restricted to indigents who fail to pay for services consumed up and above the subsidised amount.

12.8 If any extensions to the property is effected, building or otherwise, the debt will be re-instated and the indigent status will be cancelled.

13. CONCLUSION

13.1 The Granting of an indigent subsidy shall be the sole prerogative of Council whose decision shall be final.

13.2 The Indigent Policy shall be applied consistently.

13.3 It is a priority of Council to ensure that the poor receive affordable basic services. However, this task is made more complex by the large proportion of the population who are potential beneficiaries of the indigent programme.

13.4 The Social Services Department will investigate possible ways of creating and encouraging Exit programs for indigents.

13.5 Any information affecting indigents will be made available in the official language of Council and translation will be available upon request.

14. EFFECTIVE DATE

The Policy is effective from 1 July 2017.